

Served: May 18, 2001



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 15th day of May, 2001

Essential Air Service at

**KINGMAN AND PRESCOTT, ARIZONA,
ALAMOGORDO/HOLLOMAN AIR FORCE BASE,
NEW MEXICO,
CLOVIS, NEW MEXICO,
and
SILVER CITY/HURLEY/DEMING, NEW MEXICO**

under 49 U.S.C. 41731 *et seq.*

Dockets OST-1996-1899 - 7
OST-1996-1901 - 7
OST-1996-1902 - 7
and
OST-1996-1903 - 7

ORDER TO SHOW CAUSE

Summary

By this order, the Department is tentatively reselecting Mesa Airlines, Inc., to provide subsidized basic essential air service at Kingman and Prescott, Arizona, and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico, for the period of October 1, 2000, through March 31, 2003, for annual subsidy rates totaling \$4,060,656.

Background

By Order 98-12-26, December 24, 1998, and Order 99-9-17, September 27, 1999, the Department selected Mesa Airlines, Inc., to provide subsidized essential air service at all five communities, consisting of 18 one-stop or nonstop round trips to Phoenix each week for Kingman and Prescott and 18 nonstop round trips to Albuquerque each week for the other three communities for the period of October 1, 1998, through September 30, 2000. Mesa served Kingman and Prescott as America West Express, and it has served the New Mexico communities as Mesa Airlines. (See Appendix A for a map of the service area.)

Summary of Air Carrier Proposals

As is our customary procedure, we contacted Mesa when the end of the selection period at the five points was approaching and requested that, if the carrier found that subsidy was necessary for its continued service at the communities, it submit a proposal to the Department. Mesa responded by submitting and negotiating with us a proposal to continue to provide the current service levels (all with 19-passenger Beech 1900 aircraft): 18 one-stop or nonstop Kingman-Phoenix and 18 nonstop Prescott-Phoenix round trips each week for \$1,083,003 per year; 18 nonstop Alamogordo-Albuquerque round trips each week for \$923,789 annually; 18 nonstop Clovis-Albuquerque round trips each week for \$1,118,197 annually; and 18 nonstop Silver City-Albuquerque round trips each week for \$935,667 annually.

Tentative Selection Decision

We have tentatively decided to reselect Mesa to provide essential air service at the five Arizona and New Mexico points for another two-year period. We have reviewed the service and traffic history for these communities and find that the service proposed is reasonable.¹ We also tentatively find that Mesa's proposed subsidy rates are reasonable.²

Carrier Fitness

49 U.S.C. 41737(b) and 41738 require that we find an air carrier fit, willing, and able to provide reliable service before we may subsidize it for essential air service. We last found Mesa Airlines, Inc., fit to provide scheduled passenger service as a certificated air carrier by Order 2000-6-8, June 9, 2000, when we selected it to provide subsidized service at Gallup, New Mexico. The Department has routinely monitored the carrier's continuing fitness, and based on our review of its most recent submissions, we find that Mesa continues to have available adequate financial and managerial resources to establish and maintain quality service at Kingman, Prescott, Alamogordo, Clovis, and Silver City, and that it continues to possess a favorable compliance disposition. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with FAA regulations, and knows of no reason that we should not find that Mesa remains fit. In addition, the FAA has advised us that Air Midwest, Inc., also is conducting its operations in accordance with FAA regulations, and knows of no reason that we should not find that Air Midwest remains fit. (This point is significant because Mesa Airlines, Inc., and Air Midwest, Inc., are both wholly-owned subsidiaries of Mesa Air Group, and Air Midwest conducts a significant number of aircraft operations for Mesa Airlines under a subcontract arrangement.) We last found Air Midwest fit to provide scheduled passenger service by Order 2000-12-21, October 19, 2000, when we selected it to provide subsidized service at Dodge City, Garden City, Great Bend, and Hays, Kansas. The Department has routinely monitored the carrier's continuing fitness, and based on our review of its most recent submissions, we find that Air Midwest continues to have available adequate financial and managerial resources to establish and maintain quality service at Kingman, Prescott,

¹ See Appendix B for a survey of historical traffic data.

² Appendix D contains summary calculations of Mesa's compensation requirements.

Alamogordo, Clovis, and Silver City, and that it continues to possess a favorable compliance disposition.

Response to Tentative Proposal

As usual, we will give interested persons 20 days from the date of service of this order to show cause why we should not make final our tentative decision to reselect Mesa to provide essential air service at Kingman, Prescott, Alamogordo, Clovis, and Silver City at the service and subsidy levels discussed above. If no timely objections or competing proposals are filed this order will automatically become final. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague, or unsupported objections.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Each applicant, including the incumbent, will then have an opportunity to finalize its proposal in rate discussions with Department staff before we seek final community comments. We will give full consideration to all proposals that are timely filed.

Procedures for Filing Replacement Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.³ Consequently, all

³ The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights

carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the contract must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY

1. The Department tentatively reselects Mesa Airlines, Inc., to provide basic essential air service at Kingman and Prescott, Arizona, and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico, as described in Appendix D to this order, for the period of October 1, 2000, through March 31, 2003;
2. The Department tentatively sets the final rates of compensation for Mesa Airlines, Inc., for the provision of essential air service at Kingman and Prescott, Arizona, and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico, for the period of October 1, 2000, through March 31, 2003, to be payable as follows: For each calendar week in which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling rates set forth in Appendix D, and shall be determined by multiplying the subsidy-eligible departures performed during the week ⁴ by the following rates: ⁵

Kingman:	\$294.29
Prescott:	\$294.29
Alamogordo/Holloman Air Force Base:	\$502.06
Clovis:	\$607.72
Silver City/Hurley/Deming:	\$508.51

3. If competing proposals are timely filed, the final rates established for Mesa Airlines, Inc., in ordering paragraph (2), above, shall be effective from October 1, 2000, until further Department action;

Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

⁴ Subsidy-eligible departures are defined as each arrival from and departure to the hub from the essential air service point. In the case of Kingman and Prescott, subsidy-eligible departures are to be calculated separately for each point, even though the carrier proposes to serve both points on the same linear routing to Phoenix.

⁵ See Appendix D for calculations.

4. We will afford full consideration to the matters and issues raised in any timely and properly filed service proposals before we take further action. If no competing proposals are filed, all further procedural steps will be deemed to have been waived, and the carrier selection tentatively made by this order shall become effective on the twenty-first day after the date of service of this order;
5. The Department directs Mesa Airlines, Inc., to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination thereof by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
6. We find that Mesa Airlines, Inc., and Air Midwest, Inc., continue to be fit, willing, and able to operate as air carriers and capable of providing essential air service at Kingman and Prescott, Arizona, and Alamogordo/Holloman Air Force Base, Clovis, and Silver City/Hurley/Deming, New Mexico;
7. We direct interested parties having objections to the selection of Mesa Airlines, Inc., to provide essential air service as described in ordering paragraph (1), above, at the rates set forth in ordering paragraph (2), above, to file such objections or competing service proposals no later than 20 days from the date of service of this order: ⁶
8. Dockets OST-1996-1899, OST-1996-1901, OST-1996-1902, and OST-1996-1903 shall remain open until further order of the Department; and

⁶ Objections should be filed with the Documentary Services Division, SVC-121.30, Room PL401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590. Proposals to provide essential air service should be filed with the Chief, EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, at the same address. Questions regarding filings in response to this order may be directed to Luther Dietrich at (202) 366-1046.

9. We will serve a copy of this order on the Aeronautics Division of the Arizona Department of Transportation; the New Mexico State Highway & Transportation Department; the Mayors and Airport Managers of Kingman, Prescott, Alamogordo, Clovis, Silver City, Hurley, and Deming; the Commanding Officer, Holloman Air Force Base; Mesa Airlines, Inc.; and the air carriers listed in Appendix E.

By:

SUSAN McDERMOTT

Deputy Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov/>*



Historical Origin-Destination Passenger Traffic and Average Daily Enplanements
at Kingman, Arizona

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ¹	<u>Average annual enplanements</u> ²	<u>Average enplanements per service day</u> ³
12/31/90	4,607	2,304	7.4
12/31/91	3,799	1,900	6.1
12/31/92	5,682	2,841	9.0
12/31/93	6,545	3,272	10.5
12/31/94	6,705	3,352	10.7
12/31/95	5,357	2,678	8.6
12/31/96	3,031	1,516	4.8
12/31/97	3,420	1,710	5.5
12/31/98	4,339	2,170	6.9
12/31/99	4,288	2,114	6.8

Historical Origin-Destination Passenger Traffic and Average Daily Enplanements
at Prescott, Arizona

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ⁴	<u>Average annual enplanements</u>	<u>Average enplanements per service day</u>
12/31/90	19,198	9,599	30.7
12/31/91	11,075	5,538	17.7
12/31/92	19,018	9,509	30.3
12/31/93	25,050	12,525	40.0
12/31/94	25,443	12,722	40.6
12/31/95	23,319	11,660	37.3
12/31/96	20,303	10,152	32.3
12/31/97	17,456	8,728	27.9
12/31/98	18,854	9,427	30.1
12/31/99	12,931	6,466	20.7

¹ Source: D.O.T., R.S.P.A. and B.T.S., Form 298-C, Schedule T-1 (through 6/30/95, and from 9/30/97 onward) or T-100 on-flight market origin-destination passengers.

² Origin-destination passengers divided by two.

³ Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/92 and 12/31/96 (314 effective annual service days to reflect leap years).

⁴ Traffic data reflect service at Prescott by Mesa from CY 1990, onward, plus service by Arizona Pacific Airways from the fourth quarter of 1991 through the first quarter of 1994.

Historical Origin-Destination Passenger Traffic and Average Daily Enplanements
at Alamogordo/Holloman Air Force Base, New Mexico

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ⁵	<u>Average annual enplanements</u> ⁶	<u>Average enplanements per service day</u> ⁷
12/31/90	4,580	2,290	7.3
12/31/91	4,403	2,202	7.0
12/31/92	5,503	2,752	8.8
12/31/93	6,844	3,422	10.9
12/31/94	8,030	4,015	12.8
12/31/95	7,163	3,582	11.4
12/31/96	6,186	3,093	9.9
12/31/97	6,357	3,178	10.2
12/31/98	7,353	3,676	11.7
12/31/99	6,586	3,293	10.5

Historical Origin-Destination Passenger Traffic and Average Daily Enplanements
at Clovis, New Mexico

<u>Four quarters ended</u>	<u>Origin- destination passengers</u>	<u>Average annual enplanements</u>	<u>Average enplanements per service day</u>
12/31/90	5,620	2,810	9.0
12/31/91	5,213	2,606	8.3
12/31/92	7,093	3,546	11.3
12/31/93	8,320	4,160	13.3
12/31/94	9,544	4,772	15.2
12/31/95	9,180	4,590	14.7
12/31/96	7,219	3,610	11.5
12/31/97	7,312	3,656	11.7
12/31/98	8,880	4,440	14.2
12/31/99	8,126	4,063	13.0

⁵ Source: D.O.T., R.S.P.A. and B.T.S., Form 298-C, Schedule T-1 (through 6/30/95, and from 9/30/97 onward) or T-100 on-flight market origin-destination passengers.

⁶ Origin-destination passengers divided by two.

⁷ Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/92 and 12/31/96 (314 effective annual service days to reflect leap years).

Historical Origin-Destination Passenger Traffic and Average Daily Enplanements
at Silver City/Hurley/Deming, New Mexico

<u>Four quarters ended</u>	<u>Origin- destination passengers</u> ⁸	<u>Average annual enplanements</u> ⁹	<u>Average enplanements per service day</u> ¹⁰
12/31/90	4,397	2,198	7.0
12/31/91	3,912	1,956	6.2
12/31/92	4,723	2,362	7.5
12/31/93	5,969	2,984	9.5
12/31/94	7,000	3,500	11.2
12/31/95	6,084	3,042	9.7
12/31/96	3,867	1,934	6.2
12/31/97	4,686	2,343	7.5
12/31/98	5,697	2,848	9.1
12/31/99	6,566	3,283	10.5

⁸ Source: D.O.T., R.S.P.A. and B.T.S., Form 298-C, Schedule T-1 (through 6/30/95, and from 9/30/97 onward) or T-100 on-flight market origin-destination passengers.

⁹ Origin-destination passengers divided by two.

¹⁰ Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/92 and 12/31/96 (314 effective annual service days to reflect leap years).

Mesa Airlines, Inc.
Provision of Basic Essential Air Service at Kingman and Prescott, Arizona
Calculation of Compensation Requirement

Mileages:	IGM-PRC	96		
	PRC-PHX	87		
	IGM-PHX	167		
Departures:		3,680		
Block hours		2,410		
Available seat-miles		6,397,680		
Revenue passenger miles		1,992,996		
Operating revenue:				
Passenger	12,600	PRC-PHX passengers @ \$71.50 average fare		\$905,190
	<u>4,872</u>	IGM-PHX passengers @ \$69.50 average fare		<u>338,604</u>
	17,532	Subtotal		\$1,243,794
Other	1.0%	of passenger revenue of \$1,243,794		<u>12,438</u>
Total operating revenue				\$1,256,232
Operating expense:				
Direct operating expense:				
Flying operations	\$135.58	per block hour	2,410	\$326,748
Fuel & oil	\$133.19	per block hour	2,410	320,988
Other flight operations	\$14.01	per block hour	2,410	33,764
Maintenance	\$258.06	per block hour	2,410	621,925
Aircraft lease	\$138.67	per block hour	2,410	<u>334,195</u>
Total direct operating expense				\$1,637,620
Indirect operating expense:				
Traffic-related	\$0.079	per RPM	1,992,996	\$157,447
Local marketing				10,000
Departure-related	\$95.50	per departure	3,680	358,800
Capacity-related	\$0.010	per ASM	6,397,680	<u>63,977</u>
Total indirect expense				<u>\$2,227,843</u>
Total operating expense				<u>\$2,227,843</u>
Operating loss				\$971,611
Profit element	5 %	Total operating expense	\$2,227,843	<u>111,392</u>
Compensation requirement				<u>\$1,083,003</u>

Mesa Airlines, Inc.
Provision of Basic Essential Air Service at
Alamogordo/Holloman Air Force Base, New Mexico
Calculation of Compensation Requirement

Mileage:	ALM-ABQ	156		
Departures:		1,840		
Block hours		1,533		
Available seat-miles		5,453,760		
Revenue passenger-miles		758,628		
Operating revenue:				
Passenger	4,863	ALM-ABQ passengers @ \$98.50 average fare		\$479,006
Other	1.0%	of passenger revenue of \$479,006		<u>7,790</u>
Total operating revenue				\$483,796
Operating expense:				
Direct operating expense:				
Flying operations	\$135.58	per block hour	1,533	\$207,844
Fuel & oil	\$133.19	per block hour	1,533	204,180
Other flight operations	\$14.01	per block hour	1,533	21,477
Maintenance	\$258.06	per block hour	1,533	395,606
Aircraft lease	\$138.67	per block hour	1,533	<u>212,581</u>
Total direct operating expense				\$1,041,688
Indirect operating expense:				
Traffic-related	\$0.079	per RPM	758,628	\$59,932
Local marketing				5,000
Departure-related	\$95.50	per departure	1,840	179,400
Capacity-related	\$0.010	per ASM	5,453,760	<u>54,538</u>
Total indirect expense				<u>\$298,869</u>
Total operating expense				<u>\$1,340,557</u>
Operating loss				\$856,761
Profit element	5 %	Total operating expense \$1,340,557		<u>67,028</u>
Compensation requirement				<u>\$923,789</u>

Mesa Airlines, Inc.
Provision of Basic Essential Air Service at Clovis, New Mexico
Calculation of Compensation Requirement

Mileage:	CVN-ABQ	205		
Departures:		1,840		
Block hours		1,840		
Available seat-miles		7,166,800		
Revenue passenger-miles		1,135,290		
Operating revenue:				
Passenger	6,348	CVN-ABQ passengers @ \$98.20 average fare		\$623,374
Other	1.0%	of passenger revenue of \$623,376		<u>6,234</u>
Total operating revenue				\$629,608
Operating expense:				
Direct operating expense:				
Flying operations	\$135.58	per block hour	1,840	\$249,467
Fuel & oil	\$133.19	per block hour	1,840	245,070
Other flight operations	\$14.01	per block hour	1,840	25,778
Maintenance	\$258.06	per block hour	1,840	474,830
Aircraft lease	\$138.67	per block hour	1,840	<u>255,153</u>
Total direct operating expense				\$1,250,298
Indirect operating expense:				
Traffic-related	\$0.079	per RPM	1,135,290	\$89,688
Local marketing				5,000
Departure-related	\$95.50	per departure	1,840	179,400
Capacity-related	\$0.010	per ASM	7,166,800	<u>71,668</u>
Total indirect expense				<u>\$345,756</u>
Total operating expense				<u>\$1,596,054</u>
Operating loss				\$1,038,394
Profit element	5 %	Total operating expense	\$1,596,054	<u>79,803</u>
Compensation requirement				<u>\$1,118,197</u>

Mesa Airlines, Inc.
Provision of Basic Essential Air Service at Silver City/Hurley/Deming, New Mexico
Calculation of Compensation Requirement

Mileage:	SVC-ABQ	188		
Departures:		1,840		
Block hours		1,687		
Available seat-miles		6,572,480		
Revenue passenger-miles		1,193,424		
Operating revenue:				
Passenger	6,348	SVC-ABQ passengers @ \$98.20 average fare		\$623,374
Other	1.0%	of passenger revenue of \$623,374		<u>6,234</u>
Total operating revenue				\$629,608
Operating expense:				
Direct operating expense:				
Flying operations	\$135.58	per block hour	1,687	\$228,723
Fuel & oil	\$133.19	per block hour	1,687	224,692
Other flight operations	\$14.01	per block hour	1,687	23,635
Maintenance	\$258.06	per block hour	1,687	435,347
Aircraft lease	\$138.67	per block hour	1,687	<u>233,936</u>
Total direct operating expense				\$1,146,333
Indirect operating expense:				
Traffic-related	\$0.079	per RPM	1,193,424	\$94,280
Local marketing				5,000
Departure-related	\$95.50	per departure	1,840	179,400
Capacity-related	\$0.010	per ASM	6,572,480	<u>65,725</u>
Total indirect expense				<u>\$344,405</u>
Total operating expense				<u>\$1,490,738</u>
Operating loss				\$861,130
Profit element	5 %	Total operating expense	\$1,490,738	<u>74,537</u>
Compensation requirement				<u>\$935,667</u>

Mesa Airlines, Inc.
Basic Essential Air Service To Be Provided at Kingman and Prescott, Arizona,
and Alamogordo/Holloman Air Force Base, Clovis, and
Silver City/Hurley/Deming, New Mexico

NOTE

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of this order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirement at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to the agreement do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

Mesa Airlines, Inc.
Basic Essential Air Service To Be Provided at Kingman and Prescott, Arizona

Effective period: October 1, 2000, through March 31, 2003.

Service: Kingman: 18 round trips each week to Phoenix.
Prescott: 18 round trips each week to Phoenix.

Intermediate stops and upline service: Prescott: Nonstop to Phoenix.
No upline limitations.
Kingman: One-stop (at Prescott)
or nonstop to Phoenix.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation,

Annual compensation: \$1,083,003 for both points combined.

Subsidy rate for each point for each arrival from or departure to Phoenix: \$294.29 ¹

Weekly compensation ceiling for each point: ² \$10,594.44 ³

¹ Annual compensation of \$1,083,003 (from Appendix C), divided by two (to summarily allocate an amount to each point), divided further by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures each service day by 313 annual service days (counting each weekend as one service day), and multiplying further by 98 percent completion).

² Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

³ The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

Mesa Airlines, Inc.
Basic Essential Air Service To Be Provided at
Alamogordo/Holloman Air Force Base, New Mexico

Effective period: October 1, 2000, through March 31, 2003.

Service: 18 nonstop round trips each week to Albuquerque.

Intermediate stops and upline service: Nonstop to Albuquerque with no upline limitations.

Aircraft type: Beech 1900 (19 passenger seats)

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation.

Annual compensation: \$923,789.

Subsidy rate for each arrival from or departure to Albuquerque: (A) \$502.06 ⁴

Weekly compensation ceiling: ⁵ (A) \$18,074.16 ⁶

⁴ Annual compensation of \$923,789 (from Appendix C), divided by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures each service day by 313 annual service days (counting each weekend as one service day), and multiplying further by 98 percent completion).

⁵ Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

⁶ The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

Mesa Airlines, Inc.
Basic Essential Air Service To Be Provided at Clovis, New Mexico

Effective period: October 1, 2000, through March 31, 2003.

Service: 18 round trips each week to Albuquerque.

Intermediate stops and upline service: Nonstop to Albuquerque.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation,

Annual compensation: \$1,118,197.

Subsidy rate for each arrival from or departure to Albuquerque: \$607.72 ⁷

Weekly compensation ceiling: ⁸ \$21,877.92 ⁹

⁷ Annual compensation of \$1,118,197 (from Appendix C), divided by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures each service day by 313 annual service days (counting each weekend as one service day), and multiplying further by 98 percent completion).

⁸ Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

⁹ The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

Mesa Airlines, Inc.
Basic Essential Air Service To Be Provided at
Silver City/Hurley/Deming, New Mexico

Effective period: October 1, 2000, through March 31, 2003.

Service: 18 round trips each week to Albuquerque.

Intermediate stops and upline service: Nonstop to Albuquerque.
No upline limitations.

Aircraft type: Beech 1900 (19 passenger seats).

Timing of flights: Flights must be well-timed and well-spaced in order to ensure full compensation,

Annual compensation: \$935,667.

Subsidy rate for each arrival from or departure to Albuquerque: \$508.51¹⁰

Weekly compensation ceiling:¹¹ \$18,306.36¹²

¹⁰ Annual compensation of \$935,667 (from Appendix C), divided by the number of departures estimated to be performed annually (1,840 departures, calculated by multiplying six departures each service day by 313 annual service days (counting each weekend as one service day), and multiplying further by 98 percent completion).

¹¹ Weeks that fall into separate calendar months shall be treated as part of the latter month for the purpose of calculating service weeks each month and monthly compensation. Service above the ceiling level in one week cannot make up for service shortfalls in another week.

¹² The subsidy rate for each arrival/departure multiplied by the number of scheduled subsidy-eligible flights per week (36).

Service List for the State of Arizona

Air L.A., Inc.	Ken Bannon
Air Midwest, Inc.	E.B. Freeman
Air Nevada Airlines, Inc.	Douglas Gumula
Air Transport, Inc.	Ben Harrison
Air Vegas, Inc.	A. Edward Jenner
Alpha Air	John McFarlane
Alpine Aviation, Inc.	Andy Pike
Amerijet International, Inc.	
Arizona Airways, Inc.	
Arizona Pacific Airlines, Inc.	
Aviation Services West, Inc.	
Balter Worldwide Corporation	
Barken International, Inc.	
Delta Connection	
Grand Canyon Airlines, Inc.	
Great Lakes Aviation, Ltd.	
Martin Aviation, Inc.	
Mesa Airlines, Inc.	
Metroflight, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Northwest Airlink	
Pacific Air West, Inc.	
Redtail Aviation	
Renown Aviation, Inc.	
Sierra Nevada Airways, Inc.	
Skywest Airlines, Inc.	
WestAir Commuter Airlines, Inc.	
Westward Airways, Inc.	
Wings West Airlines, Inc.	
World Airways, Inc.	

Service List for the State of New Mexico

ACT International Airlines, Inc.	Ken Bannon
Aero Freight, Inc.	Nathaniel P. Breed
Air L.A., Inc.	E.B. Freeman
Air Midwest, Inc.	Douglas Gumula
Air Transport, Inc.	Ben Harrison
Amerijet International, Inc.	A. Edward Jenner
Arizona Airways, Inc.	Keith Kahle
Arizona Pacific Airlines, Inc.	Helen McCoy
Aspen Airways, Inc.	John McFarlane
Barken International, Inc.	Andy Pike
Blue Ridge Airlines	Richard A. Raymer
Conquest Airlines Corporation	William C. Seigler
Delta Connection	Andrew Spinks
Exec Express II, Inc.	Larry Tiffin
Great Lakes Aviation, Ltd.	
Laredo Air, Inc.	
Lone Star Airlines, Inc.	
Mesa Airlines, Inc.	
Metro Express II, Inc.	
Metroflight, Inc.	
Midway Airlines, Inc.	
Midwest Express Airlines, Inc.	
Northwest Airlink	
Pacific Air West, Inc.	
Redtail Aviation	
Renown Aviation, Inc.	
Rocky Mountain Helicopters, Inc.	
Skywest Airlines, Inc.	
Texas National Airlines, Inc.	
Westward Airways, Inc.	
Wings West Airlines, Inc.	